

Message Text

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ACTION PM-03

INFO OCT-01 EUR-12 ISO-00 L-02 SS-15 INR-07 SP-02 EA-06

MC-02 EB-07 /057 W

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R 061531Z FEB 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC 7766

INFO AMEMBASSY CANBERRA

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY PARIS

AMEMBASSY ATHENS

AMEMBASSY ROME

AMEMBASSY TOKYO

AMEMBASSY SEOUL

AMEMBASSY KUALA LUMPUR

AMEMBASSY THE HAGUE

AMEMBASSY OSLO

AMEMBASSY MANILA

AMEMBASSY TAIPEI

AMEMBASSY STOCKHOLM

AMEMBASSY ANKARA

AMEMBASSY LONDON

USMISSION NATO BRUSSELS

C O N F I D E N T I A L SECTION 01 OF 02 BONN 02055

STADIS////////////////////////////////////

E.O. 11652: GDS

TAGS: MASS, GW

SUBJECT: MILITARY UTILITY AND POLICY VALUE OF MASTER
DATA EXCHANGE AGREEMENTS

REF: STATE 12376

BEGIN SUMMARY: THE EMBASSY BELIEVES THAT THE MASTER
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DATA EXCHANGE AGREEMENT WITH THE FRG IS QUITE SATIS-

FACTORY. WHILE WE LACK COMPARATIVE DATA, WE SUSPECT THAT THIS AGREEMENT HAS TURNED OUT TO BE THE MOST FRUITFUL THAT THE U.S. HAS WITH ANY COUNTRY. WE EXPECT IT TO BECOME EVEN MORE VALUABLE TO THE U.S. IN THE YEARS TO COME. GIVEN THE HIGHLY TECHNICAL MILITARY NATURE OF THE DATA EXCHANGE AGREEMENTS (DEA'S) CONCLUDED UNDER THE MASTER AGREEMENT, IT APPEARS NEITHER FEASIBLE NOR DESIRABLE THAT THE CHIEF OF MISSION SHOULD EXERCISE DETAILED SUPERVISION OVER DISCUSSIONS BETWEEN THE U.S. AND THE FRG MILITARY REGARDING THEM. HE SHOULD EXERCISE HIS AUTHORITY THROUGH THE CHIEF OF MAAG.

END SUMMARY

1. THE FOLLOWING ANSWERS ARE KEYED TO THE QUESTIONS POSED IN PARA 2 OF REFTEL:

A) THE MUTUAL WEAPONS DEVELOPMENT MASTER DATA EXCHANGE AGREEMENT WAS SIGNED WITH THE FRG ON OCTOBER 15, 1962. CURRENTLY THERE ARE APPROXIMATELY 110 DATA EXCHANGE AGREEMENTS (DEA'S) IN FORCE AS WELL AS EIGHT MEMORANDA OF UNDERSTANDING. FIVE OFFICERS AND TWO AMERICAN SECRETARIES ARE ENGAGED FULL TIME IN THIS FIELD OF WORK, A MANNING LEVEL WHICH IS NOT DISPROPORTIONATE WITH THE VALUE OF THE DEA'S IN FORCE.

B) THE CHIEF OF MISSION DOES NOT EXERCISE DIRECT CONTROL OVER THE HIGHLY TECHNICAL DISCUSSIONS AND NEGOTIATIONS BETWEEN DOD REPRESENTATIVES AND THE FRG MILITARY LEADING UP TO INDIVIDUAL DEA'S. HE EXPECTS THE CHIEF OF MAAG TO KEEP HIM INFORMED OF ANY SIGNIFICANT PROBLEMS WHICH MAY ARISE. THIS APPEARS TO HAVE BEEN THE AIM OF THE MASTER AGREEMENT WITH THE FRG, WHICH IMPLIES THAT CHIEF, MAAG, WILL BE THE CONDUIT FOR CARRYING OUT THE DEA'S. HOWEVER, THE CHIEF OF MAAG HERE HAS ONLY MINIMAL CONTROL OVER THE ACTIVITIES OF THE ARMY AND NAVY OFFICERS ENGAGED IN THIS FIELD; REAL SUPERVISION IS EXERCISED BY THE ARMY AND NAVY STAFFS IN WASHINGTON. CHIEF OF MAAG HAS NOT EVEN THEORETICAL CONTROL OVER THE ACTIVITIES OF THE AIR FORCE OFFICERS WHO REPORT DIRECTLY TO THE AIR STAFF. THIS ANOMALY HAS THUS FAR CAUSED NO PROBLEMS BECAUSE THE

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OFFICERS ASSIGNED TO THESE POSITIONS WORK WELL TOGETHER AND WITH THE CHIEF, MAAG. WHILE THERE MAY BE CONSIDERATIONS OF WHICH WE ARE UNAWARE, IT WOULD NEVERTHELESS SEEM TO BE DESIRABLE TO PLACE ALL OFFICERS IN THE FRG RESPONSIBLE FOR THE DEA'S DIRECTLY UNDER THE DIRECTION OF THE CHIEF, MAAG. THIS WOULD INSURE THAT THE CHIEF OF MISSION WAS IN A POSITION TO EXERCISE HIS RESPONSIBILITIES IN THIS FIELD JUST AS IN OTHER MAAG ACTIVITIES. IT

WOULD ALSO BE A DESIRABLE STEP IN THE OVERALL INTERESTS
OF GOOD MANAGEMENT. INTERNATIONAL COOPERATION
IS BECOMING THE FASHION IN
DEFENSE INDUSTRIES, AND R&D IS EXPECTED TO PLAY AN
INCREASING ROLE IN OUR MAAG INTERNATIONAL SALES EFFORTS.
THUS IT SEEMS THAT UNIFIED CONTROL OF SALES AND
RESEARCH PERSONNEL WOULD BE HELPFUL.

C) THE DEA'S AND MEMORANDA OF UNDERSTANDING

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C O N F I D E N T I A L SECTION 02 OF 02 BONN 02055

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ESTABLISHED UNDER THE MASTER DATA EXCHANGE AGREEMENT HAVE BORNE FRUIT. SOME NOTABLE EXAMPLES INCLUDE (1) FRANCO-GERMAN ROLAND II ANTI-AIRCRAFT MISSILE. THE U.S. AND THE FRG HAVE A MEMORANDUM OF UNDERSTANDING FOR COOPERATIVE TESTING. THE U.S. HAS ACCEPTED THE ROLAND II SYSTEM. IF THE U.S. DECIDES TO PRODUCE A NEW ANTI-AIRCRAFT MISSILE, THE ROLAND II WILL BE THE SYSTEM CHOSEN. (2) THE FRG IS PREPARING AN AMERICANIZED PROTOTYPE LEOPARD II TANK THAT WILL BE EVALUATED, ALONG
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WITH TWO U.S. CANDIDATES, FOR THE U.S. REQUIREMENT FOR A NEW MAIN BATTLE TANK (XM-1). THE COST TO THE FRG FOR THIS PROTOTYPE WILL BE APPROXIMATELY \$30 MILLION. IN ADDITION A \$2 MILLION CONTRACT, JOINTLY FUNDED, WILL BE AWARDED TO STUDY THE FEASIBILITY OF PRODUCING THE LEOPARD II IN THE U.S. (3) SIDE LOOKING AIRBORNE RADAR DEVELOPMENT (SLAR). THIS IS AN R&D PROGRAM TO DEMONSTRATE THE CAPABILITY OF A DIGITAL SYNTHETIC OPERATIVE SLAR SYSTEM, INCLUDING THE APPROPRIATE DATA HANDLING COMPONENTS TO DETECT AND DISPLAY TACTICAL SIZED TARGETS AT LONG RANGES ON REAL TIME. R&D IS BEING FUNDED 50/50 BY THE FRG AND THE U.S. THE INITIAL PHASE COST \$12 MILLION, PHASE II WILL COST \$28 MILLION AND PHASE III WILL COST \$28 MILLION. (4) NATO FAST PATROL HYDROFOIL DEVELOPMENT (PHM): THE FRG HAS PAID \$9.2 MILLION FOR R&D AND PLANS TO SPEND \$300 MILLION FOR PROCUREMENT.

D) GIVEN THE HIGHLY DEVELOPED STATE OF GERMAN TECHNOLOGY, THERE HAS BEEN NO PROBLEM WITH THE FRG EXPECTING THE USG TO PROVIDE MORE ADVANCED TECHNOLOGY THAN WE ARE EITHER PREPARED TO PROVIDE OR THAT THE FRG SHOULD REASONABLY EXPECT.

E) AS SHOWN BY THE EXAMPLES LISTED IN 1.C ABOVE, THE U.S. HAS OBVIOUSLY GOTTEN ITS MONEY'S WORTH FROM THE DATA PROVIDED UNDER THE MASTER AGREEMENT. IN A TIME WHEN THE CONGRESSIONAL WATCHWORDS ARE RATIONALIZATION AND SPECIALIZATION, THE FRG PROVIDES A STRIKING EXAMPLE OF HOW THESE WORDS CAN BE TRANSLATED INTO ACTION. THE RECENT DECISIONS CONCERNING ROLAND II AND LEOPARD II PROVE THAT THE U.S. DOES NOT INTERPRET RATIONALIZATION AND SPECIALIZATION TO BE ANOTHER TERM FOR "BUY AMERICAN." AT THE SAME TIME, MASSIVE GERMAN PURCHASES OF U.S. WEAPONS AND WEAPONS TECHNOLOGY HAVE PROVIDED A MAJOR POSITIVE ELEMENT IN OUR BALANCE OF PAYMENTS SITUATION.

F) THE EMBASSY HAS NO RECOMMENDATIONS FOR REWRITING
THE MASTER DATA EXCHANGE AGREEMENT BECAUSE THE EXISTING
WORDING HAS CREATED NO PROBLEMS.
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